

SOCIAL NETWORKING IN CHINA AND THE UNITED STATES: OPPORTUNITIES FOR NEW MARKETING STRATEGY AND CUSTOMER RELATIONSHIP MANAGEMENT

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ABSTRACT

This paper compares and contrasts the usage of social networking sites in China and the United States by consumers--their activity, engagement and motivations for usage. How marketers can use social networking in their B2C and B2B marketing efforts is then discussed along with successful and unsuccessful company examples from both countries. Reasons for the differing rates of usage of customer relationship management techniques between the U.S. and China are discussed along with how social networking can fit into a company's CRM cycle. The complete array of customer retention tactics and how each can benefit from social networking completes the work.

SOCIAL NETWORKS

Interacting with and within social networks has become one of the most important new ways marketers can acquire new customers and maintain a relationship with current customers. Social networking, however, requires a new paradigm for marketing activities. Unlike traditional marketing activities which connect marketers with customers, social networks enable customers and prospects to interact with each other. The issue for marketers concerns what position they should play in these interactions. Traditional customer relationship management techniques are no longer applicable since once company material is online and in the hands of millions of users, the material is now managed by users and can be morphed into messages and images contrary to what the company intended. If companies emphasize the commercial aspects of their messages, users may discount it as being nothing more than traditional advertising and sales—best done through traditional channels. On the other hand, if there is no commercial tie-in, benefits may not accrue to the bottom line. The numbers of world-wide users of social networking make mass marketing techniques possible; however, data available in membership profiles and the ability to market to networks of “friends” make segmentation efforts even more attractive.

Social Networking Sites generally offer the following basic features:

- Member profiles including searchable variable fields such as age, education, marital status, gender, geography, interests, significant brands, etc.
- Network of friends
- Discussion Forum
- Blogging facility
- Ratings of companies, products, brands, services, etc.
- E-mail facilities

- Reputation ratings of connectedness (referred to as “clout”), business referrals, member desirability, time spent online, etc.

Social networking enables social interactions among users sharing activities, social status, occupational status, life-stage, interests, opinions, avocations, brand usage, academic disciplines, and mutual friends. For example, Friendster is an online community that connects people through networks of friends; Flickr enables people to share photos; MeetUp organizes local interest groups for gatherings about anything, anywhere in 612 cities across 51 countries; Ryze is a network that helps users grow their business and careers; LinkedIn is a professional network of friends and colleagues who can put you in touch with others; and Referent is a business networking tool to help entrepreneurs acquire new business and customers (Caslon Analytics, 2011). Segmentation is consequently possible using the networks themselves as well as social groups within the networks.

It is said that Facebook with 600 million members would be the third largest country in the world; but social networks are also being used in B2B marketing efforts. In 2011, four out of five U.S. businesses with 100 or more employees are using social media marketing—up from 42% in 2008 (eMarketer, 2010) and seven out of ten companies on the 2010 Inc. 500 list said they have Facebook pages with half saying they use blogs to communicate with customers. Twitter is used by 59% of these companies. Seventy percent of these companies monitor their brands on social networks and more than half said they recruit and evaluate potential employees on search engines or social networks. (Campanile, 2011). Social networks, therefore, are equally applicable in B2C and B2B marketing endeavors.

THE LEADING SOCIAL NETWORKING SITES IN THE U.S.

The leading social networking sites in the U.S. by category are:

Social Networks: Facebook, MySpace, Tagged, LinkedIn

Micro-Blogging: Twitter

Location-Based Social Networks: Foursquare, Yelp, Gowalla

Blogging Platforms: BlogSpot(Google), Wordpress

Video/Photo Sharing platforms: YouTube (video sharing by Google with 86% of U.S. online video watchers), Flickrk (photo sharing, Yahoo).

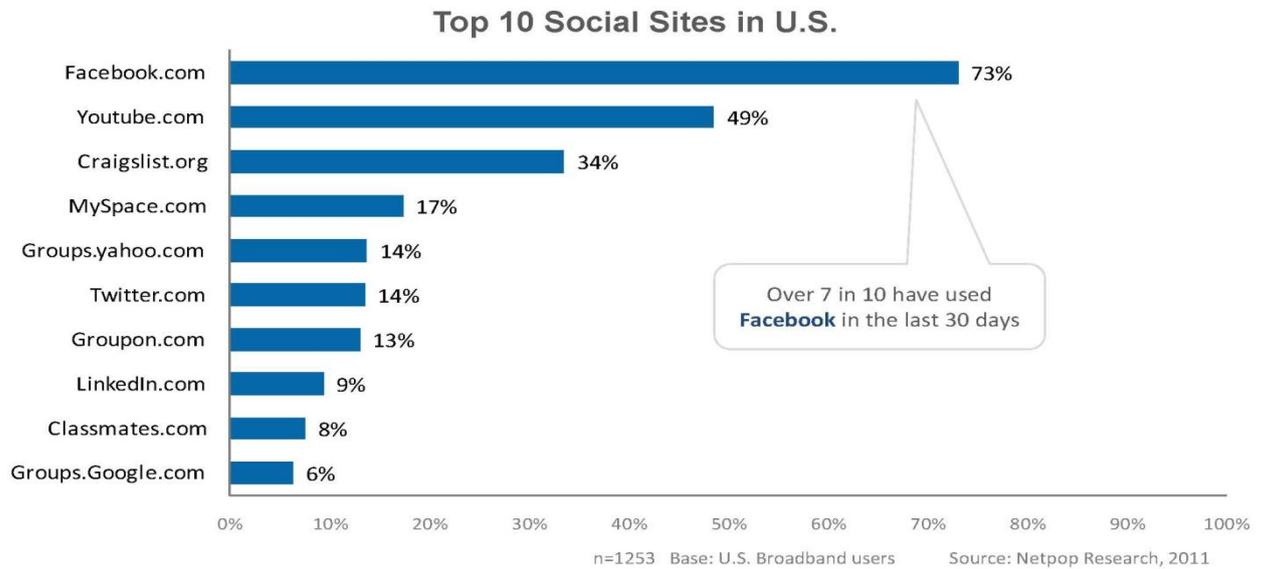
(Yaffee Center, 2011)

The top 10 social sites in the U.S. are shown in the following chart (Netpop Research, 2011). Contrary to popular belief, social networking is not restricted to the young. The average age of social networking site users in the U.S. is 37 years old. The average MySpace user is 31 years old; LinkedIn--44 years old; Facebook--38 years old; and Twitter—39 years old. (Facebook.com, 2011) An examination of Facebook and Twitter users provides examples of how prolific social networks can be and how intensive users interact with them.

Facebook and Twitter in the U.S.

- There are 147 million Facebook users in the U.S and approximately 600 million Facebook users globally. Thus, the U.S. contributes 25% of all world-wide Facebook users. Users have an average of 130 friends on the site. Seventy percent of the U.S.’s Facebook users login daily. Users visit the site an average of 40 times per month spending 23 minutes on each visit. Thus,

users spend an average of 15 ½ hours on the site each month. During this time they create an average of 90 pieces of content. (Facebook.com, 2011) The average Twitter user spends 2 hours and 12 minutes per day on the site. Nearly 51% of Twitter users are in the U.S. and the U.S. accounts for 57% of all tweets world-wide (Sysomos, Inc., 2010).

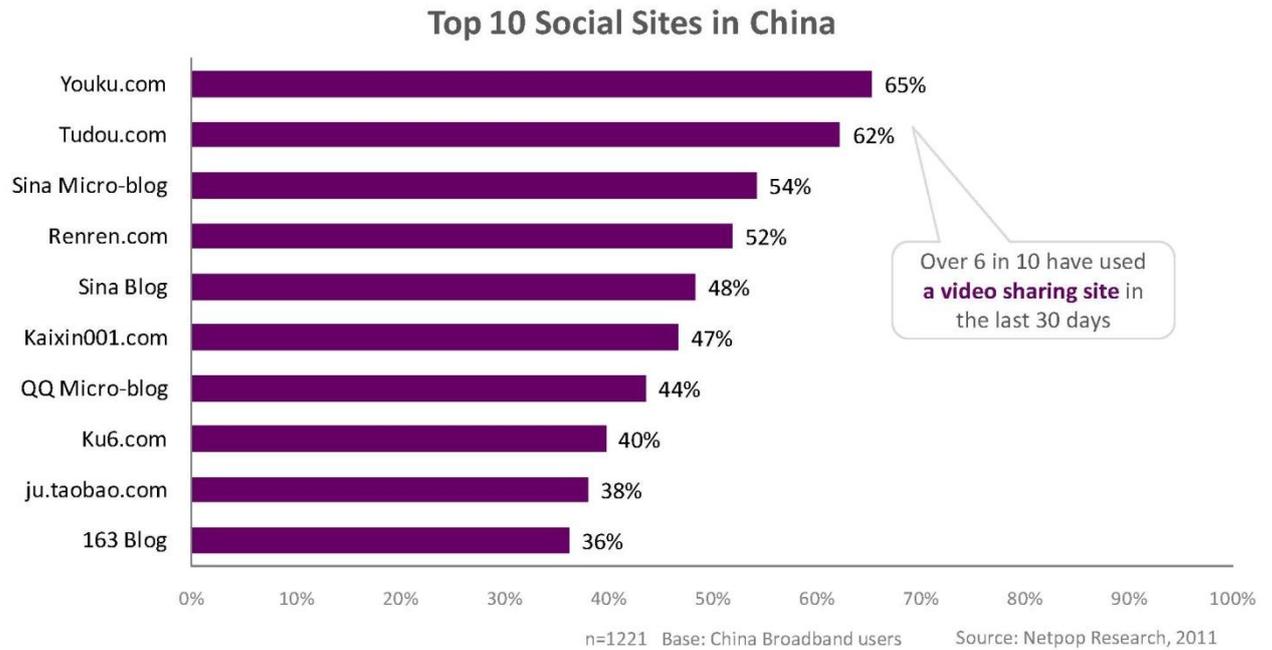


THE LEADING SOCIAL NETWORKING SITES IN CHINA

Facebook, YouTube and Twitter are blocked in China, but social networking in China is happening through other networks. The China equivalents are Qzone and Renren for Facebook, Sina Weibo for Twitter (Weibo is the Mandarin word for microblog), Tudou and YouKu for YouTube and Jiebang for Foursquare. The most important Internet company in China, and the third largest in the world after Google and Microsoft, is Tencent with nearly a half billion active users. According to Merritt Colaizzi (March 31, 2010), their membership bases are:

- Qzone (Tencent's social network) with 310 million users
- 51.com with 160 million users
- Renren with 117 million users
- Kaixin001 with 75 million users

When ranked by page views, Renren (whose name means "everyone") is said to be China's largest social-networking website. Local social media platforms as opposed to their international equivalents are often preferred throughout Asian countries due to the former's ability to adapt to local language, culture and economic development. The top 10 social sites in china are shown in the following chart.



As in the U.S., social networks themselves provide marketers with segmentation opportunities:

Renren attracts university students and is organized by schools and graduation class. (Renren users do not have the option to display their relationship status unless they build a couple's page. Also, users cannot post their political views nor religious beliefs as they can on Facebook.)

QZone, attracts teens through mid-twenties often from smaller cities as well as migrant workers.

Kaixin001 attracts young professional white-collar workers from tier 1 cities. Douban attracts students interested in the fine arts (Crampton, 2011).

Twitter and China Counterparts

Microblogging Twitter style was done by 100 million Chinese in June 2010 and the leading microblogging platform in China is Sina Weibo with more than 50 million users (Six for Gold, 2011). Sina Weibo is censored and if sensitive information is posted, a pop-up message announces that managers are checking the content. While Twitter is the only major micro-blog in the U.S., Chinese regularly use Fanfou, QQ Microblog and Souhu Microblog. Launched in 2009 (3 years after Twitter), Sina Weibo allows users to post 140 character messages and follow friends but, unlike Twitter, users can post videos and photos, comment on others' updates and add comments when reposting a friend's message. (Thomas Crampton, 2011). Also, on Twitter each element is only a letter but in Chinese each element is a word so Chinese users can write much more.

COMPARISONS BETWEEN THE U.S. AND CHINA ON INTERNET AND SOCIAL NETWORKING USAGE

Comparison of China vs. U.S. on the Internet

	China	U.S.
Internet Users (June 2010) millions*	420**	239
No Internet (% of population 2010)*	68%	23%
No Internet (% of population 2011)***	53%	18%
Internet growth 2000-2010*	1700	150
% of population using Social Networking Sites (2011)	23%	46%
Number of social media sites used (average)	11	3
Population (Netpop Research)	1.35 billion	320 million
BBS accounts (2009)	3 billion	NA
*Evans, 2011		
**Six for Gold estimate 2/26/2011 is 450 million		
*** Pew Research		

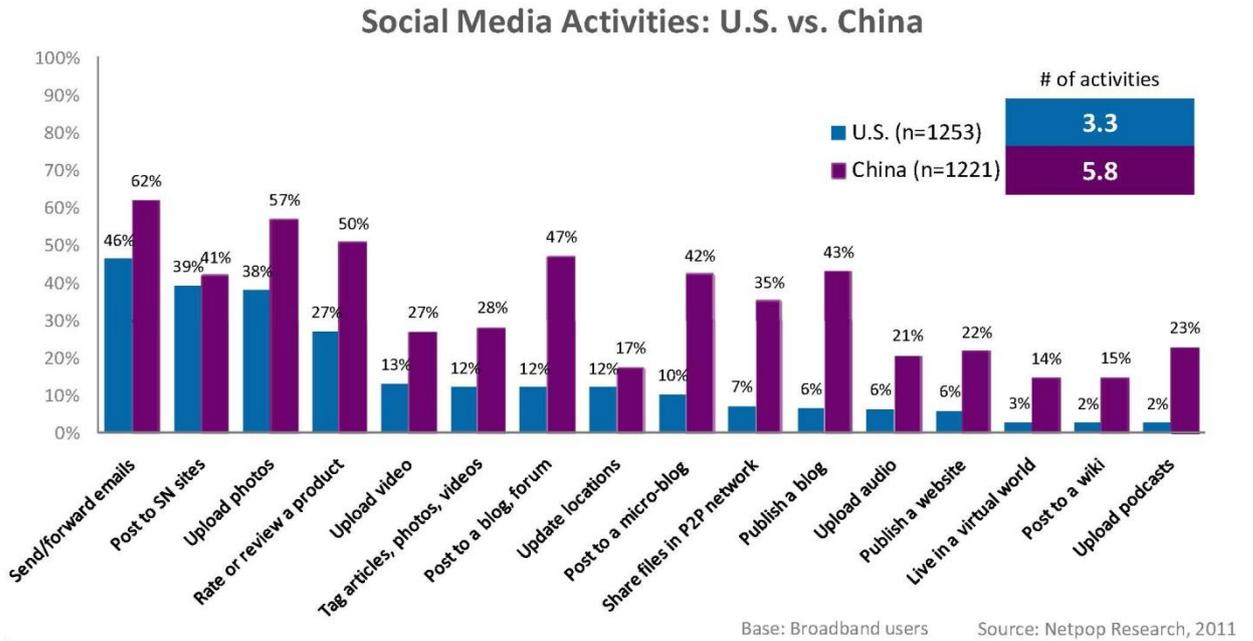
The number of internet users in China grew from 23 million in 2000 to 384 million in 2009 (CAGR 37%). The number of internet users in the U.S. during the same period grew from 124 million to 228 million (CAGR 7%). As can be seen on the previous table, the number of internet users in China is greater than in the U.S. but the percentage having access to the internet is significantly lower. The use of Bulletin Board Service in China is prolific. It was the first social networking site available and is widely used throughout the country.

The evolution of China's internet architecture from BBS to social networking proceeded as follows (Roland Berger Strategy Consultants, 2010):

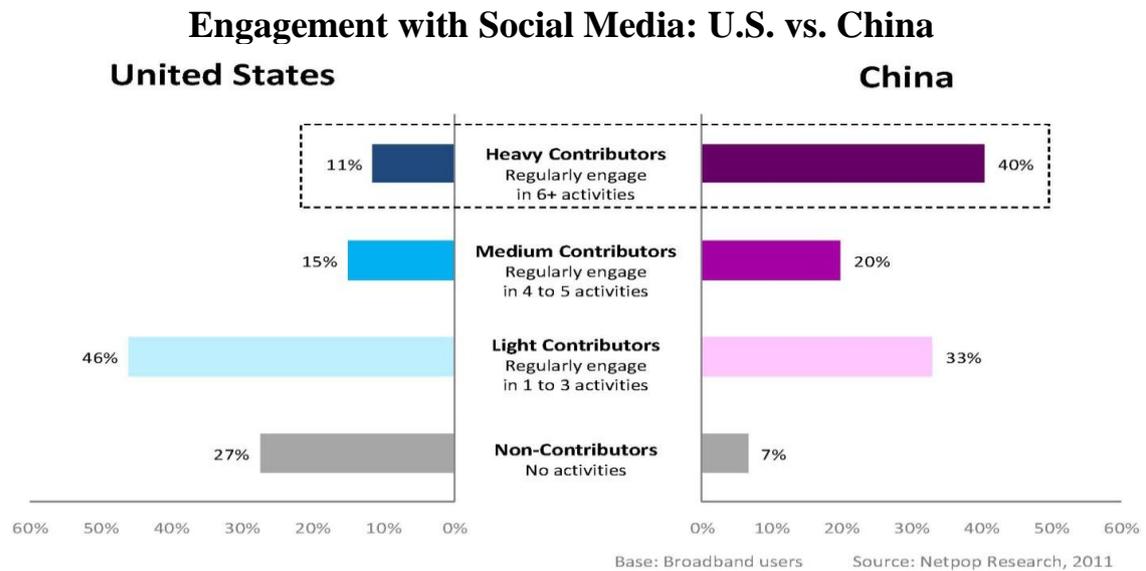
1994 -1999	Bulletin Board System
1999-2002	Instant Messaging
2002-2004	Blogs
2004-2006	Video sharing
2006-2008	Micro-blogging/Wiki/Online gaming
2008-2010	Social Networking sites

BBS's are anonymous interactive online message boards and have been at the center of social media usage in China since the beginning. It is through BBS's that users find product, brand, service and interest-based communities and connect with others for group purchasing at discounts. While social networking sites like Friendster and Facebook originated in the U.S., group buying sites such as BBS originated in China. The earliest form of social media in China, users use BBS to evaluate products and services in an anonymous manner.

Netpop Research in 2011 sampled 1253 U.S. broadband users and 1221 Chinese broadband users and found the Chinese to be more involved in every social media activity. As can be seen in the Figure below, the percent of internet users posting to social networking sites is almost identical in the U.S. and China; however, Chinese internet users are more likely to participate in every other social media activity.

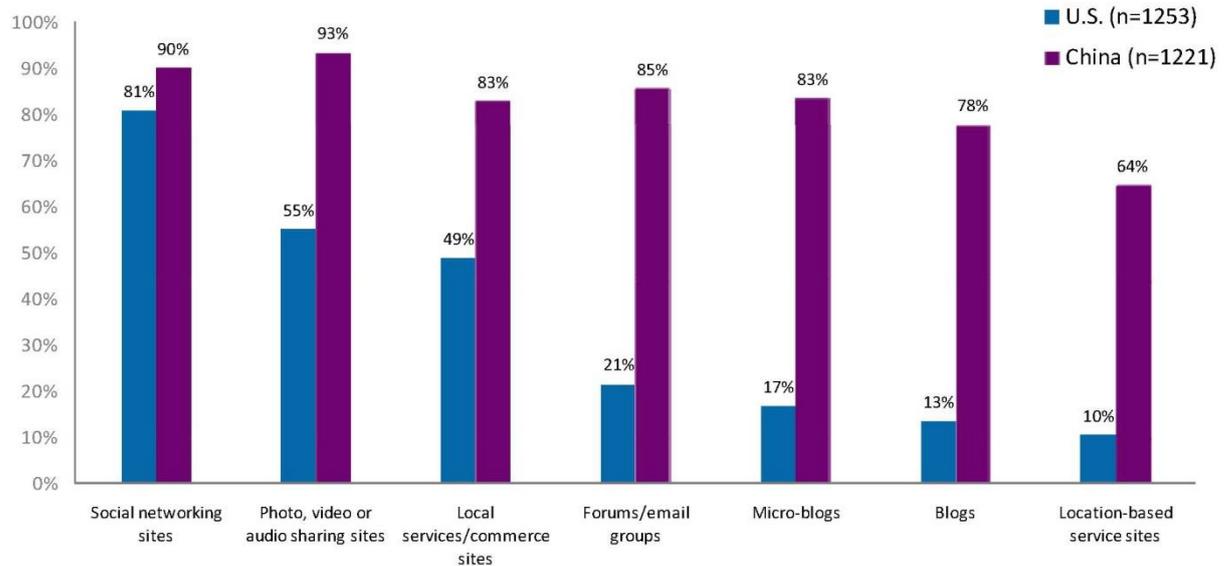


Chinese internet users not only participate in a greater number of social networking activities than those in the U.S., they are more active in each. As seen in the following figure, forty percent of Chinese internet users are heavy contributors to social networking sites compared to just ten percent in the U.S.



As seen in the following figure, while usage of social networking sites is similar in China (90%) and the U.S. (81%), the Chinese are far more likely to use other types of social media especially blogs, forums and location based service sites.

Types of Social Media Sites Used in Last 30 Days: U.S. vs. China



Base: Broadband users Source: Netpop Research, 2011

The Chinese internet and social networking habits by number of users include (Colaizzi, 2010):

- 420 million internet users (Pingdom statistic)
- 321 million music downloaders
- 272 million instant message users
- 265 million online gamers
- 222 million creators of online videos
- 221 million bloggers
- 176 million users of social networking systems
- 117 million users of bulletin board systems (BBS)
- 108 million online shoppers

While these numbers are large, over half of China's population is not yet online (versus less than 20% in the U.S.). Those who are online average 2.7 hours per day (Boston Consulting Group Study)—on par with usage in the U.S. and Japan.

Reasons put forth for the heavy Chinese use of social media include (Crampton, 2011):

1. Rural to urban migration that has separated families
2. Loneliness of the one-child generation
3. Distrust of information from government-controlled media

INTERNET AND SOCIAL MEDIA USAGE IN CHINA

One might think that the number one online activity in China would be communicating with friends, but the Frands Report from OgilvyOne Worldwide

indicates that this is number two. In first place is seeking information before buying. Many experts feel that compared to their Western counterparts, Chinese consumers are much heavier users of the Internet, and social media in particular, to research, discuss, evaluate and make purchase decisions regarding brands, products and services. This makes it imperative for companies to participate in the discussion and evaluate the buzz surrounding their offerings. Chinese consumers pay particular attention to the price tag when making their purchase decisions but many feel the concept of brand is becoming increasingly important given the many quality deficiency incidents in the news in China and the importance of country of origin for many products. Many of the social media discussions center around the concept of “value”: price vs. performance in numerous product categories.

According to Roland Berger (p. 14) the main reasons Chinese consumers participate in online communities are:

- To share knowledge and personal experiences
- To defend or expose the truth about products
- To seek and give advice about purchases or product use
- To make a name for themselves within the community
- To communicate with customers online

In China, brand awareness and purchasing decisions are the stages most influenced by internet word-of-mouth (IWOM) with 56% of consumers first learning about a brand through IWOM and 59% deciding to purchase based on IWOM. CIC collects over 46 million comments each month related to brands, products and services from 16 industries and uses proprietary Chinese language text mining software to monitor online buzz. Roland Berger (p.16) found that nearly 60% of Chinese consumers review rating sites, discussion boards, blogs and other online sources before making a purchase decision vs. about 20% of U.S counterparts. Nearly two-thirds of Chinese consumers said they want companies to be more involved online and nearly half want to see them actively participate in online communities. Two-thirds prefer to interact with companies on third party BBS sites as opposed to official company pages or blogs because they feel they will read more objective content that hasn't been edited by companies deleting negative content.

For many in China--particularly those who only use the Internet for social media reasons--there is no distinction between the Internet itself and social media. Unlike in Germany where users tend to be private online, Chinese users freely share personal information. Chinese users actively chat, blog and micro-blog, saying things online that they normally wouldn't say offline.

HOW MARKETERS CAN USE SOCIAL NETWORKS

Marketers can use social networks in the following ways (1):

1. Sending messages to specifically defined target markets

Most social networking sites collect information from users enabling marketers to target segments based on country, state, city or town, age, gender, marital status, religion, interests, activities, etc.

2. Building customer engagement with your company or brands

Companies can set up profiles for their brands which member of the community can then join or “friend”. Many users add their favorite brands to their personal profile. The Marketing Evolution study found that more than 70% of the marketing value created by social network marketing campaigns resulted from the “momentum effect” of these viral pass-along elements.

A Dove video, *Evolution*, and Television commercial available on video, *A Girl’s Self –Esteem*--the former produced for about one hundred thousand dollars--have been seen millions of times and fostered television programs devoted to the topics raised in the videos. These videos went viral overnight spawning hundreds of viewer parodies that were supportive of Dove’s point of view.

Burberry in November 2009 launched a web site called “art of the trench.com” and invited customers to upload images of themselves wearing the brand’s trench coat. Within the first week 400,000 people from 191 countries had sent in pictures and within 9 months the site had been visited 9 million times. Burberry developed a Facebook page and now has 5 million followers. Burberry streams its runway shows live over its website to millions who can immediately click on the products they like and receive product delivery in a few days (Smith, 2011).

The viral nature of social networking can also spread negative company publicity overnight. The “United Breaks Guitars”(close to 10 million people have now viewed this video), “Nestle Kit-Kat Palm Oil”, Domino’s Pizza “Kitchen Gross Out” and “Rats invade Yum Restaurant” videos were so devastating to these companies’ image that crisis-intervention teams are now permanent fixtures in corporate America.

3. Increasing Awareness and Creating Buzz

According to the Yaffe Center, almost one-fourth of daily youth social networking users said that they learned about new products on social networking sites. Buzz marketing involves sending out an initial marketing message which is then spread virally for free. Elements of buzz marketing often include off-beat videos, games, contests, sweepstakes and free products. Companies must carefully review the commercial orientation of such marketing efforts. If the commercialism is too blatant, users react negatively; however, users don't like to be fooled either. An online video called "Beijing Arm-Swinging Man" showing a man with a phone on a subway went viral to great acclaim. When it was learned that it was a Sony Ericsson-produced video for its F305c mobile phone, the viral buzz turned negative.

Users of social networking sites are into their accounts several times per day and view an enormous amount of internet content. For marketers to stand-out, their message must add value in a unique and compelling way, be updated frequently, and be easily shared so that the social network community can add value to the message. Social media marketing tactics include:

- Facebook Display Ads—a Nielsen study showed that less than 1% actually engage with the product by clicking on the ad, however.
- Facebook Fan Pages—are pages that are associated with a company, brand, artist or anything else users might want to have an affiliation with. These are essentially replacing company brand homepages. To engage users, content should be informational or entertaining with the brand-specific messages secondary. Companies have Fan Page administrators who converse with users. According to a recent study by Vitruve, a fan base of 1 million translates into at least \$3.6 million in equivalent media in a year—each fan being worth \$3.60. (Vitruve, 2010).
- Company's Own SNS (Corporate Blog)—this enables a company to have better control over its marketing efforts. Proctor & Gamble's Pampers Village online community allows users to connect with each other, participate in discussion forums, and receive P & G commercial and non-

commercial information. Bank of America has created a B2B community on its “Small Business Online Community” site.

Companies must develop policies to deal with negative comments. Wal-Mart developed a Facebook profile aimed at students and did not expect to have their wall filled with criticism regarding low wages, aversion to trade unions and negative effects on small-town-America Main Streets. Nestle removed negative comments regarding its use of palm oil in its products and this created an uproar greater than the initial comments themselves by Greenpeace. In this instance, Nestle missed an opportunity to educate the market. Corporate blogs can be classified as executive, product & technology, and culture & value.

- Location based service (LBS)—Foursquare made location based service a user favorite on internet and mobile devices and 20 mainstream LBS websites exist in China. Users “check-in” online at real-world locations and receive virtual badges which earn awards—for example, Starbucks coffee. Brands are building relationships through LBS websites.
- Open Source Marketing (Crowd Sourcing)—users participate in contributing to a firm’s marketing efforts in creating brand names, designs, slogans, ads, etc.

SOCIAL NETWORKS AND CUSTOMER RELATIONSHIP MANAGEMENT

While social networks began as a way to connect individuals with one another, they are now being used by businesses in their B2C and B2B efforts, with the former being much more developed than the latter. Effective CRM management involves identifying prospects, selecting and acquiring the right ones, and developing the relationship in order to maximize the profitable lifetime of the customer. Successful CRM communication is founded on the ability to engage customers in a dialog that results in greater satisfaction with the brand and/or the organization. CRM can enhance brand value by providing customers with information they require, providing offers that add value, and transparently facilitating the acquisition of information to improve future CRM efforts.

CRM usage in Asia has lagged behind that in the U.S. in all areas: software, call centers, process redesign, customer data, customer strategy, etc. A number of reasons have been put forth to explain this:

- Chinese focus on technical education at university level and not management strategy.

- Price has been the primary competitive weapon in China—not customer service.
- Brand management in China is weak and CRM, being a primary way to create bonds between customer and brand, is not stressed.
- Customer contact personnel in Asian companies are not empowered to make “first-person” resolution decisions and must defer to those at the “top”.
- Infrastructure for CRM in the form of data bases, data base management and call centers is still relatively undeveloped in Asia
- In Asia’s fast-growing economies, companies are inclined to focus on customer acquisition and not customer retention
- SME’s in China are cost-conscious and will defer CRM software and hardware spending
- In Asian companies, labor receives resources at the expense of IT
- CRM systems may not result in quick payback—a key for Asian companies (Baran, 2008)

Some of Asia’s larger companies have successful CRM systems in place and CRM adoption has begun among Asian SME’s. The spread of CRM throughout Asian companies will be accelerated through CRM software-as-a-service-solutions (Saas). Excluding Japan, Saas, accounts for nearly half of CRM software implementation in the Asian region (The Nation, 2009). SaaS sales in Asia are expected to hit US\$570 million by 2012.

Monitoring social networks enables companies to gather information from online conversations and get a 360-degree view of customers so that they can better manage the CRM strategy cycle (acquisition-retention-winback). Is social networking a new channel within CRM or are traditional CRM strategies merely enhanced through social networking? Are CRM and social networking strategies complements or opposites? A Gartner report (Mertz, 2010) calls social networking a “disruptive influence” on the CRM market; is this correct or is social networking an enhancement?

Companies already use CRM approaches to interact and communicate with their customers, so using CRM tools in these efforts through SNS’s makes sense. Social networking provides new ways for companies to manage, engage and service their customers. CRM tools are already used to analyze information, and listen and respond in meaningful ways to customers. However, social networking brings a dimension to the fore which CRM up to this point has not had to deal with—customers, prospects and the general public talking among themselves about companies, products and brands. The issue is a new one for companies—should they enter into the social networking conversations and if so how?

Case studies in both the U.S. and China have shown that companies attempting to “manage” social networking are inclined to fail badly. The very nature of social interaction requires give-and-take and not one party “managing” another. There are many examples of poorly managed social media efforts in China:

- KFC released ads that implied that those who eat KFC would be admitted into universities and those who did not would be rejected. The company did not participate effectively in the subsequent negative viral conversation.
- SK-II, a Japanese cosmetics brand, left China when online discussion spread the news that they were using forbidden ingredients in some products.
- Dell—one purchaser complained about a Dell computer in an online forum and the forum administrator invited others to complain about Dell leading to a class action lawsuit creating “Dell Hell” for the company (CIC, 2011).

Examples of well managed social media efforts in China include:

- Lohas Juice—using Kaixin Garden virtual community game, Lohas gained 3,676,464 participants.
- Carlsberg’s viral videos for Chinese football fans “Dreams of winning the World Cup” were very favorably received given the unique delivery of sports’ competition
- China Eastern Airline—600 cabin crew members signed up with Sina microblog to better communicate with their customers.
- Group purchase case: Mercedes-Benz sold 200 Smart cars in 3.5 hours using Taobao.

Companies need to listen to what consumers are saying about them and there are products on the market that enable companies to monitor what is being said about them on social networks. For Microsoft Dynamics CRM users there is the Social Networking Accelerator which enables users to:

- Identify key influencers in each product area
- Track public online conversations
- Quickly spot negative PR, misperceptions, product/brand complaints
- Launch online marketing efforts to social customers preferred platforms
- Identifying prospects by their conversational topics relevant to products or services
- Engage in conversation with prospects and customers online.
- Help customers en masse via social networking sites as opposed to individually (Microsoft Dynamics, 2009)

Tools such as BuzzGain, Radian6, Tackurt, PeopleBrowsr, SocialRadar help brands monitor, steer dialog and maintain their reputation on Twitter. FriendFeed.com enables companies to view comments about brands from various social networks aggregated into one stream. BackType will reveal what users are saying in the comments section of blog posts. Blogsearch.google.com will provide your company with relevant blog posts. Companies should also view Ning, Google, Yahoo and Facebook Groups to see communities built around company or product (Solis, 2009).

Acquisition and Winback

CRM strategies must include acquisition of prospects since companies lose 2-40% of their customers every year. Some like newspapers lose more—66%. L.L. Bean uses search engine optimization strategies to acquire new prospects by increasing the chances of prospects and customers generating their reference when typing in merchandise keywords. Since Facebook users provide demographic and personal information, companies can engage them at appropriate times coinciding with life-stage and life-cycle events such as birthdays, retirement, graduation, etc. Companies can also acquire new customers by marketing to those in affinity groups—particularly using endorsements from other members. A review of the literature provided no examples of companies implementing unique winback strategies through social networking but there are a myriad of ways in which this could be done. (Baran, 2008)

Retention

Retention strategies can be based on three techniques: rewarding, bonding and service structure. The bonds that companies create with their customers can be programmatic (Loyalty/Frequency/Rewards Programs) or humanistic (personalized treatment). Retaining customers has become the major focus of many companies since the cost of acquiring customers is much higher—some say five-times higher or more. Consequently, companies have developed many tactics useful in making sure customers don't leave or downwardly migrate in terms of purchasing or usage. Social networking opens-up a new venue for the complete array retention tactics (Baran, 2008):

- Preferential Treatment—for example, notices of sales, new products, special promotions before the general public is informed via traditional marketing methods.
- Rewarding—for example, notices of specials to regular customers which can be extended to their “friends”. McDonalds did this successfully in China giving free food items to a target and their friends if they dined as a group.
- Idiosyncratic-Fit—This is the tendency for customers to be enticed by offers for which they enjoy a relative advantage. Such is the nature of Location-Based Offers where free or heavily reduced items are offered to only those in the vicinity.
- Personalization—Efforts connoting individual attention are possible by matching your offers to customer demographics, life-stage and interests available through social networking site membership information.
- Customization—based on productive dialogues, companies can customize their offerings to meet a customer's needs with respect to product, delivery, promotional, channel and payment terms.
- Cross-selling and Up-selling—companies can make recommendations to customers based on what their friends are buying. Marketers know that up-selling can more easily be introduced once the relationship with the customer has progressed through the acquaintanceship and trust stages and entered the commitment stage. Social networking enables companies to more quickly move the relationship through these various stages.

- Managing downward migration—as good customers begin to visit less frequently, buy fewer and less expensive items, and buy fewer high-profit items, companies realize the relationship is in danger and the customers may soon defect. Through social networking, companies can regenerate the relationship through all of the previously mentioned tactics.
- Converting transactional buyers into relational buyers—some short-life customers are merely purchasing from a company because of price and aren't interested in a long-term relationship no matter what is offered. Other short-life customers can be converted into long-term customers if the company provides something of value. Brand community groups, company-sponsored brand informational pages and fan pages can be useful in creating bonds with the short-life customer.
- Brand building—customer interactions over the phone, over the internet, through direct marketing efforts and point-of-sale activities all help create a brand experience for the customer. Social networking efforts, it could be argued, offer an even better way to provide a brand experience given the opportunity for group influence and interaction among group members and the company/brand.
- Providing and attaining intimacy—consumers for whom the product/brand is important reveal higher tendencies to engage in long-term relationships. Members of social networks discuss products and brands on a regular basis offering opportunities for companies to ratchet-up the cachet of their products and brands.

The retention strategies through social networking are as feasible in the B2B environment as they are in the B2C environment; however the former will see greater use of structural solutions in creating bonds and the later greater use of humanistic bonding. More meaningful and deeper customer-brand relationships are possible via social networking than through traditional CRM methods given the greater frequency of contact that is possible. As seen in the intensity of usage of social networking by members, social networking has become a prominent activity in everyday life and brands can and do play a prominent role in social networking activities. Consequently, brands now have the means to imbed themselves deeper into their customers' lives.

CONCLUSIONS

Interacting with and within social networks has become one of the most important new ways marketers can acquire new customers and maintain a relationship with current customers. Social networking, however, requires a new paradigm for marketing activities. Unlike traditional marketing activities which connect marketers with customers, social networks enable customers and prospects to interact with each other. The numbers of world-wide users of social networking make mass marketing techniques possible; however, data available in membership profiles and the ability to market to networks of “friends” make segmentation efforts even more attractive. The number of internet users in China is greater than in the U.S. but the percentage having access to the internet is significantly lower. The percentage of internet users

posting to social networking sites is almost identical in the U.S. and China; however Chinese internet users are more likely to participate in every other social media activity.

Many experts feel that compared to their Western counterparts, Chinese consumers are much heavier users of the Internet and social media in particular to research, discuss, evaluate and make purchase decisions regarding brands, products and services. This makes it imperative for companies to participate in the discussion and evaluate the buzz surrounding their offerings. Participation can include sending messages to defined target markets; building customer engagement with the company or brands; creating awareness and creating buzz. Companies must be cautious, however, in that the viral nature of social networking can spread negative company publicity faster than positive publicity.

Social networking provides companies with new opportunities to interact with customers as opposed to just “managing” them. While the CRM cycle of acquisition-retention-winback can be implemented through social networks, companies should be cognizant of the fact that participation is expected of them and this participation should not be blatantly commercial but rather interesting, informative and potentially novel enough for the viral aspects of social networks to provide them with positive mass exposure.

More meaningful and deeper customer-brand relationships are possible via social networking than through traditional CRM methods given the greater frequency of contact that is possible. As seen in the intensity of usage of social networking by members, social networking has become a prominent activity in everyday life and brands can and do play a prominent role in social networking activities. Consequently, brands now have the means to imbed themselves more deeply into their customers’ lives.

ENDNOTES

1. The organization of this section and some of the content is derived from two research papers referenced in the Wiki article “Using Social Networking for Marketing”: “Marketing Strategy for Social Networking Sites by Andrew Zrike and “Buzz in Practice” by Joseph Ferencz and Stephen Hellerman.

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